

SM only

Sanford C. Bernstein & Co., Inc.
Investment Research and Management

Kenneth S. Abramowitz
Health Care Analyst

November 10, 1994

Mr. Robert Rubin
Assistant to the President
On Economic Policy
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500


Jen
FYI
Smart

Dear Robert:

As a health care analyst with 17 years of experience with a research and money management firm in New York, I thought you might be interested in knowing that I will be giving a speech in Washington D.C. on December 15 at 8:00-9:00 a.m. at the Washington Sheraton Hotel. I will be speaking to 150 health care industry executives with an update of the changes going on in the marketplace and in Washington relative to health care reform. I will also be presenting my hypothetical compromise solution, which may be of some use to you, should Congress wish to reconsider health care legislation in 1995.

Should you or one of your staff members wish to attend this speech, please let me know. If you are unable to attend, but would like to discuss some of my ideas, I will have some free time that day and would be pleased to meet with you to discuss some of these issues.

Sincerely,



Managing Benefit Costs: What Approach Should Employers Use?

A Conference Highlighting
"Outcomes Management"

Kenneth S. Abramowitz

Keynote Speaker

Health Care Analyst

Sanford C. Bernstein and Co., Inc.

FACULTY

Henry Blissenbach, Pharm.D.

President

Diversified Pharmaceutical Services

Wayne N. Burton, M.D.

Vice President, Corporate Medical Director

The First National Bank of Chicago

Patrick J. Casey, J.D.

Executive Director

Health Action Council of Northeast Ohio

Mark H. Glasser, M.D.

*Chief, Departments of Obstetrics
and Gynecology*

Kaiser Permanente Medical Center

Christopher J. Mathews

Principle

Williams, Thacher, and Rand

Ron McDaniel, M.D., M.B.A.

*Assistant Director, Departments of
Outcomes Research and Epidemiology*
Abbott Laboratories

Dwight N. McNeill

Healthcare Information Manager
GTE Corporation

Sean Sullivan

President and CEO

National Business Coalition on Health

MARK YOUR CALENDAR!

WHO SHOULD ATTEND?

Fortune 1,000 corporate benefits and human resource executives, benefit consultants, and other decision-makers responsible for the delivery and planning of corporate health care

Learn the new approach to managing benefit costs by focusing on the outcome of treatment. You will hear employers and consultants describe how they are using outcomes management to purchase better care at better prices. Case studies, panel discussions, presentations, and an open forum for your questions will enable you to take home innovative ideas to help lower your health care costs without relinquishing health care quality.

TUITION

This conference is being offered at no charge through this invitation. This complimentary tuition covers all sessions, course materials, welcome reception, and additional meals.

To register, or for more information, please call
Discovery International at (800) 338-4721, ext. 4605.

This conference is sponsored by Tap Pharmaceuticals Inc. and Abbott Laboratories

Hypothetical Compromise Solution

<u>Issue</u>	<u>Potential Compromise</u>	<u>Year 2000 Budget Impact</u>
1. Excise Taxes	Materially raise taxes on cigarettes, liquor, cholesterol and fat	\$25B
2. Tax Cap	Set high employer and employee tax cap of \$8,000 per family in an urban state and \$6,000 in a rural state; grow the cap level 0% for 5 years and then at CPI thereafter	\$15B
3. Tax Reform	Fully tax all not-for-profit insurance carriers and HMOs, partially tax not-for-profit hospitals and fully tax their PHO's	\$15B
4. Medicare	Set means tax at very high level, largely eliminating the \$3,000 annual subsidy for the top 10% of the beneficiaries; grow Part B payments 5% annually for HMO members, but 10% annually for non-HMO members	\$8B
5. Veterans Administration	Close 90% of VA hospitals by not rebuilding over 30 years	\$2B
6. Small Group Reform	Impose adjusted community rating for employers with less than 50 lives; disallow pre-existing exemptions; do not try to mandate a guaranteed benefit package, except for Federally-qualified HMOs	--
7. Alliances	Encourage voluntary, multiple alliances that cannot exclude competing plans. Wait 3 years before considering making into monopolies or mandatory for employers with fewer than 50 employees	--
8. Employer Mandate	Raise minimum wage from \$4.25 to \$4.50 and funnel the incremental \$0.25 into catastrophic insurance; funnel all future minimum wages increases into health insurance	--
9. Individual Mandate	Mandate all employees making over \$4.50 per hour to buy at least \$500 of tax deductible, catastrophic health insurance that the employer must offer; raise the mandate by \$500 annually (50% financed by employer) until it is sufficient to join a Federally qualified HMO within 10 years. Employers providing insurance must maintain current contribution to health benefits for 5 years	--
10. Individual/Employer Subsidies	Cut taxes \$100-500 annually for employees below 200% of poverty level to cover the cost of the individual mandate for those without health insurance; raise the subsidy (voucher) as the individual mandate rises; allow individuals to deduct 100% of the cost of a health plan up to the cap level	\$(35B)
11. Medicare Drug Benefit	Raise Medicare payments to HMOs from 95% to 100% of average costs to pay for drug benefit	--
12. Workers Compensation	Integrate group health and workers compensation	--
13. Malpractice Reform	Cap award for pain and suffering; encourage alternative dispute resolution mechanisms and set time limits; force losing plaintiff to pay 25% of court costs of the winner	--
14. Illicit Drugs	Set-up needle exchange programs; test the dispensing of illicit drugs under physician control, as in the UK	--
15. Federal Laws	Pass Federal pre-emption of state "any willing provider" and other anti-managed care laws; only slightly relax anti-trust laws	--
16. Long-Term Care Benefit	Double allowable IRA contributions; raise the \$40,000 threshold for tax deductibility to \$60,000. Raise Medicare payments to HMOs 2.5% to cover the cost of a modest benefit.	\$(15B)
17. Medicaid Reform	Mandate entry into an HMO, but allow choice of at least 2-5 HMOs	\$(10B)
18. Unemployed Individuals	Raise unemployment compensation by \$500 annually to cover catastrophic insurance	\$(5B)
		\$0B

Kenneth S. Abramowitz
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Called

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BRISM

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October 17, 1994

Robert E. Rubin
Assistant to the President
National Economic Council
Second Floor - West Wing
The White House
Washington, D.C. 20500

① copy to track
② to Jen Klein:
for response.

TY
Jmat.

Dear Bob:

I enjoyed your talk at our reunion dinner last Saturday and the chance to visit with you briefly.

I am writing at Alan Jacobson's suggestion to let you know that I very interested in working with this administration on health policy issues -- continuing the work I did for the White House Health Care Task Force. In 1993, I took a leave from Cardozo School of Law, where I teach courses in law and medicine and health care regulation, to accept a fellowship at the Federal Judicial Center. While I was there, the Administrative Conference of the United States recommended me to the Governance and Legal Audit working groups of the Task Force, to work on health policy questions as well as issues of federalism, separation of powers, preemption and administrative law raised by the Clinton plan. I found the experience fascinating both substantively and procedurally and would like very much to continue my involvement with this administration's effort to bring about meaningful changes in our health care system.

Although we have attended several of the same reunions, I don't think we have actually recapped the last thirty years -- something even more difficult to do in a paragraph. In brief, after a stint with Covington and Burling, I spent part of my time raising four children and part practicing public interest law, litigating cases involving health and mental health care issues. After completing a post-doctoral year in the Department of Health Policy and Management at Johns Hopkins School of Public Health in 1987, I taught health law courses at Yale and Virginia law schools as an adjunct, and accepted a tenure track position at Cardozo Law School when Monroe was dean, commuting from Washington while my children finished high school. I am currently visiting at the University of Miami Law School

where I will finish up in May.

I would appreciate very much your letting me know if I could be useful to the Clinton health care reform effort on either a consulting basis during the academic year or full time basis in the spring. I will be in Washington at the end of this month if you think it would be helpful for me to meet with you or your staff, and of course, I could arrange to come at any other convenient time.

Thanks very much for thinking about this.

Sincerely yours,

A handwritten signature in cursive script that reads "Margie".

Margaret G. Farrell
o. (305) 284-2830
h. (305) 662-7538

MARGARET G. FARRELL

1994

Business Address:

1994-95
University of Miami
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Cardozo Law School
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4719 Cumberland Ave.
Chevy Chase, MD 20815
(301) 654-8638

Education:

B.A., Cornell University, 1961. Phi Beta Kappa.
Major: Government.

Yale Law School, 1961-1963. Member of the Yale Law Journal. Sixth in a class of 167.

J.D., University of Chicago Law School, 1964. Order of the Coif. Third in a class of 128, Cum Laude.

Post Doctoral Fellow, Johns Hopkins University, School of Hygiene and Public Health, Department of Health Policy and Management, 1985-1986.

Employment:

Visiting Associate Professor, University of Miami School of Law, Miami, FL. 33124. 1994-95.

Associate Professor of Law
Benjamin N. Cardozo School of Law, New York, N.Y.
1988 to present.

Associate in the Department of Health Policy and Management, School of Hygiene and Public Health, Johns Hopkins University, 1992 to present.

Federal Judicial Fellow, The Federal Judicial Center, Washington, D.C. 1992 - 1993

Visiting Lecturer Yale Law School 1986, University of Virginia Law School 1987, American University Law School 1993; Visiting Professor, George Washington University Law School, 1987-1988.

Partner, Ennis, Friedman, Bersoff & Ewing, 1981-1986. Washington, D.C.

Senior Litigation Attorney, Mental Health Law Project, Washington, D.C., 1977-1981.

Legislative Assistant to Senator Abraham Ribicoff 1973.

Attorney, Neighborhood Legal Services Corp., Washington, D.C., 1969-1971.

Attorney, The Appellate Division, United Charities Legal Services Program, Chicago, Ill. 1966-1968.

Associate, Covington and Burling, Washington, D.C., 1964-1966.

Courses Taught:

Health Care Regulation
Law and Medicine
Insurance
Bioethics
Contracts
Regulated Industries

Selected Publications:

"Coping with Scientific Evidence," Emory Law Journal (forthcoming 1994).

"The Need for a Process Theory for the Resolution of Health Care Disputes," Journal of Law and Health, (forthcoming 1994).

"Daubert v. Merrell Dow Pharmaceuticals, Inc.: Epistemology and Legal Process," 15 Cardozo Law Review 2183 (1994).

"Revisiting Roe v. Wade: Substance and Process in the Abortion Debate," 68 Indiana Law Journal 883 (1993).

"Doing Unto Others: A Proposal for Participatory Justice in Social Security's Representative Payee Program," 53 University of Pittsburgh Law Review 883 (1992).

"Administrative Paternalism: Social Security's Representative Payment Program and Two Models of Justice," 14 Cardozo Law Review 283 (1992).

"The Social Security Administration's Representative Payee Program: Problems in Administrative Paternalism," Administrative Conference of the United States, Reports and Recommendations (1991).

"Reregulation in the Health Care Industry: Filling in the Gaps," BioLaw University Publications of America (1989).

"Legal and Ethical Issues in the Regulation of Health Care," BioLaw University Publications of America (1987).

"Health Planning and Deinstitutionalization: Advocacy In the Administrative Process", 31 Stanford Law Review 679 (1979).

Other Activities:

Member, White House Health Care Task Force, Working Group on Governance and Legal Audit Committee, 1993.

Conference Consultant, Administrative Conference of the United States, 1989-1991.

Member, Committee on Legal Ethics, D.C. Bar Association, 1983-1986.

Member, United States Judicial Conference for the District of Columbia Circuit, 1980, 1982-1988.

Executive Committee, Yale Law School Association. 1984-1987 (ex-officio member.)

Delegate, Association of Yale Alumni, Yale University, 1984-1987.

Member: Health Law Forum, American Bar Association; The Health Services Research Association; The American Society for Law, Medicine and Ethics.

Admissions:

United States Supreme Court.

United States Court of Appeals for the District of Columbia Circuit.

United States District Court, District of Columbia.

District of Columbia Court of Appeals.

Superior Court of the District of Columbia.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

07-Nov-1994 09:36am

TO: Jennifer L. Klein

FROM: Sylvia M. Mathews
 Economic and Domestic Policy

SUBJECT: Margaret Farrell

Did I send you the letter that BR received from Margaret Farrell? This is someone that Rubin thinks pretty highly of and wants to make sure that even if we don't want/aren't able to utilize her that we treat her well. If you do not have the letter, please let me know and I will get a copy to you.

Thanks.